

Message Text

LIMITED OFFICIAL USE

PAGE 01 VIENNA 01148 131448Z

63

ACTION EUR-12

INFO OCT-01 EA-07 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07

L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

FEA-01 ERDA-05 AID-05 CEA-01 CIEP-01 COME-00 EB-07

FPC-01 INT-05 OMB-01 SAM-01 OES-03 STR-04 TRSE-00

/101 W

----- 072379

R 131339Z FEB 76

FM AMEMBASSY VIENNA

TO SECSTATE WASHDC 7770

INFO AMEMBASSY BONN

AMEMBASSY ANKARA

AMEMBASSY WELLINGTON

USMISSION OECD PARIS

AMEMBASSY LONDON

AMEMBASSY ROME

AMEMBASSY BRUSSELS

AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG

AMEMBASSY DUBLIN

AMEMBASSY COPENHAGEN

AMEMBASSY TOKYO

AMEMBASSY OTTAWA

AMEMBASSY OSLO

AMEMBASSY BERN

AMEMBASSY STOCKHOLM

AMEMBASSY PARIS

USMISSION EC BRUSSELS

AMEMBASSY MADRID BY POUCH

LIMITED OFFICIAL USE VIENNA 1148

E.O. 11652: N/A

TAGS: TECH, OECD, IEA, ENRG, AU

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 VIENNA 01148 131448Z

SUBJECT: AUSTRIAN ENERGY LEGISLATION -COMPROMISE ON STORAGE

FACILITIES IN SIGHT

1. SUMMARY: AFTER LENGTHY INTERNAL NEGOTIATIONS, A COMPROMISE IS IN SIGHT ON AUSTRIA'S ENERGY LEGISLATION AND THE FINANCING OF PETROLEUM STORAGE FACILITIES. A NEW NON-PROFIT COMPANY WILL BE FORMED TO BE FINANCED PRIMARILY BY THE OIL FIRMS. PASSAGE OF ENERGY LEGISLATION (EXPECTED IN MARCH) SHOULD PAVE THE WAY FOR GOA TO GIVE NOTIFICATION THAT IT CONSIDERS ITSELF FORMALLY BOUND BY THE IEP (PARLIAMENT HAD ACTUALLY AUTHORIZED RATIFICATION LAST FALL BUT GOA DOES NOT WISH TO RATIFY UNTIL IMPLEMENTING LEGISLATION HAS BEEN APPROVED BY PARLIAMENT). END OF SUMMARY.

2. ONE OF THE MOST COMPLEX AND POTENTIALLY DIVISIVE ECONOMIC AND POLITICAL ISSUES ON LOCAL SCENE IN RECENT MONTHS HAS BEEN THAT PORTION OF AUSTRIAN ENERGY LEGISLATION WHICH DEALS WITH THE ESTABLISHMENT AND FINANCING OF PETROLEUM STORAGE FACILITIES. ISSUE, WHICH NOW APPEARS CLOSE TO RESOLUTION, INVOLVES NOT ONLY AUSTRIA'S NATIONAL OIL COMPANY (OEMV), THE MULTINATIONALS AND SMALL INDEPENDENTS, BUT ALSO THE MAJOR REPRESENTATIVES OF THE "SOCIAL PARTNERS", I.E. THE FEDERAL CHAMBER OF COMMERCE, INDUSTRIAL AND LABOR CHAMBERS BOTH AT THE FEDERAL AND REGIONAL LEVEL, PLUS KEY GOA MINISTRIES (TRADE, TRANSPORTATION, CONSTRUCTION, FINANCE, FOREIGN AFFAIRS). ISSUE HAS BEEN SUBJECT OF CONSIDERABLE DEBATE AND LENGTHY DISCUSSION IN RESPECTIVE COMMITTEES OF PARLIAMENT. TOP COORDINATOR HAS BEEN MINISTER OF TRADE STARIBACHER.

3. CENTRAL TO RESOLUTION OF PROBLEM IS THE PRESSURE BY THE OIL COMPANIES TO OBTAIN GOVERNMENT APPROVAL FOR AN INCREASE IN GASOLINE RETAIL PRICES WHICH TRADE MINISTER STARIBACHER HAS RESISTED VIGOROUSLY PENDING PASSAGE OF ENERGY LEGISLATION AND PARTICULARLY AGREEMENT ON STORAGE FACILITIES. THE MULTINATIONALS' PRIMARY CONCERN HAS BEEN THAT THE NATIONAL OIL COMPANY (OEMV) MIGHT GAIN A COMPETITIVE ADVANTAGE SINCE OEMV OWNS MOST OF THE AUSTRIAN OIL WELLS AND HAS LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 VIENNA 01148 131448Z

CLAIMED THAT THROUGH ITS OWN FACILITIES IT ALREADY HAD CONTRIBUTED SUBSTANTIALLY TO THE STORAGE REQUIREMENTS. ADDITIONAL COMPLICATING FACTORS ARE THE VARIATIONS IN PRICES OF IMPORTED CRUDE PAID BY OEMV AND THE MULTINATIONALS AND THIS HAS TENDED TO INTENSIFY THE ARGUMENTS ON COMPETITIVE ADVANTAGE.

4. STARIBACHER'S INITIAL POSITION HAD BEEN THAT

ALL THE COMPANIES (INCLUDING OEMV) SHOULD CARRY BURDEN OF FINANCING STORAGE FACILITIES AND SHOULD IN FACT ABSORB THE COST FROM PROFITS. HE ALSO RESISTED THE IDEA THAT GOA ESTABLISH A SPECIAL FUND (FINANCED THROUGH A SMALL FEE ON THE RETAIL PRICE AT THE PUMP) SIMILAR TO THE SWISS CARBURA FUND. THE COMPANIES BALKED AT THE PROPOSITION OF ABSORBING ALL THE COSTS AND THE DEBATE WAS IN FULL SWING. ADDITIONAL PRICE FACTORS ENTERED INTO THE DEBATE, ESPECIALLY THE INCREASE IN THE VALUE ADDED (SALES) TAX FROM 16 TO 18 PERCENT ON JANUARY 1, THE PRESSURE FROM VARIOUS MINISTRIES TO LEVY A TAX TO FINANCE NEW HIGHWAYS, AND THE GENERAL INCREASE IN CRUDE OIL COSTS AFTER THE OPEC PRICE HIKE LAST SEPTEMBER.

5. DURING LENGTHY NEGOTIATIONS STARIBACHER HAS BEEN METICULOUS AND DETERMINED TO STEER TOWARDS AN EQUITABLE ARRANGEMENT AND HAS IN FACT BEEN ON THE SIDE OF THE MULTINATIONALS IN AVOIDING A SITUATION THAT WOULD GIVE OEMV AN UNDUE ADVANTAGE IN THE AUSTRIAN MARKET. (GOA DOES NOT WANT OEMV TO HAVE A MONOPOLY POSITION IN AUSTRIA AND LIKES THE DIVERSIFIED SOURCES OF SUPPLY WHICH THE MULTINATIONALS PROVIDE).

6. WE HAVE LEARNED FROM VARIOUS SOURCES INCLUDING DIRECTOR OF FEDERAL CHAMBER OF COMMERCE THAT THE COMPROMISE WORKED OUT INVOLVES ESTABLISHMENT OF A NON-PROFIT COMPANY THAT WILL BE RESPONSIBLE FOR CONSTRUCTING AND OPERATING RESERVE FACILITIES AND THAT THIS COMPANY WILL BE FINANCED THROUGH PRO-RATED CONTRIBUTIONS FROM THE COMPANIES. PRESUMABLY GOA WILL ASSIST IN FUNDING OF THE NEW LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 VIENNA 01148 131448Z

COMPANY. A FIXED AMOUNT OF THE INCREASE IN THE PUMP PRICE OF GASOLINE (EXPECTED SOMETIME IN MARCH) WOULD BE ALLOWED AND EARMARKED FOR USE BY THE COMPANIES IN FINANCING THE NEW STORAGE COMPANY.

7. COMMENT: GETTING THE VARIOUS PARTIES TOGETHER IN THIS INTRICATE SITUATION IS A MAJOR FEAT FOR THE GOVERNMENT AND CONSTITUTES A BELLWETHER, AT LEAST IN THE ENERGY SECTOR, THAT THE OPPOSITION IS PREPARED TO COOPERATE ON IMPORTANT ECONOMIC ISSUES. THE GOA, OF COURSE, HAS BEEN ABLE TO BRING SUBTLE PRESSURE ON THE INTERESTED PARTIES BY WITHHOLDING APPROVAL OF A PRICE INCREASE AND THE COMPANIES THEMSELVES ARE FINDING IT NECESSARY TO WORK OUT A COMPROMISE. THE SITUATION HAS DEMONSTRATED GOA'S

RESOLVE TO PURSUE IMPLEMENTATION OF THE IEP WHILE
AT THE SAME TIME MAINTAINING A HARMONIOUS BALANCE
BETWEEN THE INTERESTS OF THE NATIONAL OIL COMPANY
AND THOSE OF THE MULTINATIONALS THAT OPERATE IN
AUSTRIA.BUCHANAN

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ENERGY, LAW, STORAGE, PETROLEUM, PROGRAMS (PROJECTS)
Control Number: n/a
Copy: SINGLE
Draft Date: 13 FEB 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976VIENNA01148
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760056-0773
From: VIENNA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760248/aaaabpyt.tel
Line Count: 174
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 26 MAR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <26 MAR 2004 by ElyME>; APPROVED <01 JUL 2004 by morefirh>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: AUSTRIAN ENERGY LEGISLATION -COMPROMISE ON STORAGE FACILITIES IN SIGHT
TAGS: TECH, ENRG, AU, OECD, IEA
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006